



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
JANUARY 7, 2004**

**CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**U.S. CHARGES WASHINGTON, D.C., LAWYER AND FORMER HEAD
OF SECURITIES FIRM WITH DEFRAUDING INVESTORS IN IPO SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, today announced the filing of conspiracy and securities fraud charges against THOMAS T. PROUSALIS, JR., a Washington, D.C.-based attorney, and ROBERT T. KIRK, JR., the former Chief Executive Officer and control person of Barron Chase Securities Inc., arising from their alleged participation in a scheme to defraud investors in the \$12.8 million June 2000 initial public offering ("IPO") of securities issued by busybox.com, Inc., ("Busybox"), a now-defunct internet company.

PROUSALIS is charged in an Indictment unsealed today in Manhattan federal court; KIRK is charged in an Information filed on December 30, 2003, in the same court. KIRK entered a guilty plea to the Information on December 30, 2003. The charges in the Indictment and Information (together, the "Charging

Instruments"), allege that PROUSALIS and KIRK made and caused to be made false statements, misrepresentations and material omissions in the Registration Statement and Prospectus for the Busybox IPO filed with the United States Securities and Exchange Commission and made available to investors (the "Registration Materials").

According to the Charging Instruments, Busybox was an internet company based in California which retained PROUSALIS and KIRK's firm, Barron Chase, a Florida-based broker dealer, to help raise money through an IPO. The Charging Instruments allege that at the end of May 2000, PROUSALIS caused to be filed, on Busybox's behalf, the Registration Materials for the Busybox IPO which contained false statements, misrepresentations and material omissions regarding: (1) the nature of the underwriting, which Barron Chase had purportedly agreed to undertake on a "firm commitment basis;" (2) the use of proceeds from the IPO; and (3) the fees paid to PROUSALIS in connection with the IPO.

Specifically, according to the Charging Instruments, KIRK, on behalf of Barron Chase, was unable to perform his obligation to underwrite the IPO on a "firm commitment basis" because he was unable to find purchasers for approximately 600,000 shares, or more than \$2 million worth of Busybox securities.

To allow the IPO to proceed, and to collect their fees

from the IPO, PROUSALIS and KIRK arranged to recycle money raised through the sale of IPO shares to the public to fund the purchase of IPO shares on behalf of various Busybox officers as well as PROUSALIS, in order to make up the shortfall of Busybox securities that Barron Chase was unable to sell; this use of the proceeds of the IPO was nowhere disclosed in the Registration Materials.

In addition, according to the Charging Instruments, PROUSALIS received Busybox IPO stock worth approximately \$1.2 million - purportedly constituting his fee earned in connection with the IPO - whereas the Registration Materials stated that legal fees were only \$375,000. As alleged in the Charging Instruments, KIRK's firm, Barron Chase, earned approximately \$1.5 million in connection with the Busybox IPO.

According to the Charging Instruments, on June 27, 2000, Busybox securities began trading on the NASDAQ Smallcap Market ("NASDAQ"). As alleged in the Charging Instruments, had the IPO not gone effective, neither PROUSALIS nor Barron Chase would have received any fee. By April 2001, Busybox was delisted from the NASDAQ, and has since filed for bankruptcy protection.

The Indictment charges PROUSALIS with conspiracy to commit securities fraud, mail fraud and wire fraud, and with securities fraud. If convicted of the conspiracy count,

PROUSALIS faces a maximum penalty of 5 years in prison, and a fine of \$250,000, or twice the gross gain or loss resulting from the offense. If convicted of the securities fraud count PROUSALIS faces a maximum penalty of 10 years in prison and a \$5 million fine, or twice the gross gain or loss resulting from the offense.

On the conspiracy count to which KIRK plead guilty, he faces a maximum penalty of 5 years in prison and a fine of \$250,000, or twice the gross gain or loss resulting from the offense. On the securities fraud count to which he plead guilty, KIRK faces a maximum penalty of 10 years in prison and a \$5 million fine, or twice the gross gain or loss resulting from the offense.

In a separate action, the SEC today filed civil securities fraud charges against PROUSALIS and KIRK in Manhattan federal court.

PROUSALIS, 55, lives in Maclean, Virginia. He was arrested this morning and is expected to appear in federal court in Alexandria, Virginia, later today, pending his transfer to New York.

KIRK, 45, lives in Irvine, California. He is scheduled to be sentenced before United States District Judge BARBARA S. JONES on March 29, 2004.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in the investigation of this case. Mr. KELLEY also expressed gratitude to the SEC and to NASD for their assistance in this matter.

Assistant United States Attorney STEVEN R. GLASER is in charge of the prosecution.

The charges contained in the Indictment against PROUSALIS are merely accusations, and PROUSALIS is presumed innocent unless and until proven guilty.

04-03

###